From the above table, it may be seen that the exposure of all banks to capital market worked out to 1.53 per cent of their total advances as against 5 per cent ceiling prescribed by RBI. Therefore, enough headroom is available for banks' taking further exposure to capital market.

(d) and (e) In the Union Budget 2004-05, it was announced by the Government that the banks having sound internal control and better risk management systems would be allowed higher capital market exposure limit. Keeping in view the spirit of the announcement, the procedure for banks' calculation of Capital Market Exposure (CME) has been revised resulting in higher headroom. Accordingly, the banks that made specific request to the RBI for higher CME, have been permitted to recomput their exposure after netting cash margins taken for loans and advances against shares and excluding equity stake in financial markets infrastructure companies. Subsequent to this relaxation, so far only one bank has been permitted higher capital market exposure limit beyond 5 per cent.

Reduction of Interest Burden of States

2225. DR. AKHILESH DAS: Will the Minister of FINANCE be pleased to state:

(a) whether in order to curtail the interest burden on State Governments, the Central Government have decided to pass the loans extended by multilateral agencies like the World Bank and ADB to the States;

(b) the present interest burden on Uttar Pradesh and other State Governments and how far this decision is likely to reduce their interest burden; and

(c) what other suggestions have been made by the State Governments and approved by the Central to help relieve the debt burden?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Government of India has decided to transfer external assistance from multilateral and bilateral agencies for State projects on back to back basis, accepting this recommendation of Twelfth Finance Commission (TFC).

(b) Government of Uttar Pradesh budgeted to pay Rs. 11477 crore as interest during 2004-05. Interest payments budgeted for 2004-05 by all States is in the Statement. (*See* below). The decision to pass on external assistance on back to back basis is likely to reduce interest burden on States.

(c) Government of India operated a debt swap scheme for high cost debt of over Rs. 114000 crore during 2002-05. GOI has accepted the recommendation of TFC for debt consolidation and waiver of outstanding GOI debts. This scheme, would benefit the States with lower interest of Rs. 21275.65 crore, lower repayment of Rs. 11928.91 crore and debt waiver of Rs. 32198.69 crore over 2005-10, if the States meet necessary conditions.

Statement

Interest Payments Budgeted for 2004-05 by States

(Rs. in Crs.)

States	2004-05 BE
Andhra Pradesh	7470
Arunachal Pradesh	169
Assam	1895
Bihar	3860
Chhattisgarh	1087
Delhi	1650
Goa	326
Gujarat	5919
Haryana	2488
Himachal Pradesh	1876
Jammu & Kashmir	1100
Jharkand	771
Karnataka	4013
Kerala	3712
Madhya Pradesh	3769
Maharashtra	9800
Manipur	326
Meghalaya	195
Mizoram	182
Nagaland	271
Orissa	3462
Punjab	3872
Rajasthan	5161
Sikkim	97
Tamil Nadu	5230
Tripura	336
Uttar Pradesh	11477
Uttaranchal	794
West Bengal	9825
All States	91129